

**BANK OF THE BAHAMAS LIMITED**  
**Unaudited Condensed Consolidated Financial Statements**  
**For the Period Ended March 31, 2023**

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2023 with comparative figures as at June 30, 2022

(Expressed in Bahamian Dollars)

	March 31, 2023	June 30, 2022
<b>ASSETS</b>		
Cash and account with The Central Bank	\$ 149,418,152	\$ 179,225,867
Cash equivalents - Treasury Bills, net	83,506,573	81,594,321
Due from banks, net	89,692,125	73,177,766
Investment securities, net	85,737,176	73,898,709
Loans and advances to customers, net	372,234,439	368,588,734
Note receivable, net	167,108,112	170,171,425
Investment property	6,463,000	6,463,000
Other assets	11,331,237	13,018,251
Property and equipment, net	9,663,082	8,857,598
Right-of-use assets, net	6,147,958	3,592,575
Computer software, net	6,310,922	6,680,392
<b>TOTAL</b>	<b>\$ 987,612,776</b>	<b>\$ 985,268,638</b>
<b>LIABILITIES</b>		
Deposits from customers and banks	\$ 769,711,310	\$ 760,038,263
Other liabilities	29,273,882	48,992,393
Lease liabilities	6,119,611	3,927,893
Deferred loan fees	2,764,519	2,623,836
<b>Total liabilities</b>	<b>\$ 807,869,322</b>	<b>\$ 815,582,385</b>
<b>EQUITY</b>		
Share capital	42,610,505	42,610,505
Share premium	81,950,384	81,950,384
Treasury shares	(1,318,224)	(1,318,224)
Net gain on investments at FVOCI	-	2,880,297
Special retained earnings	172,122,932	172,122,932
Accumulated deficit	(115,622,143)	(128,559,641)
<b>Total equity</b>	<b>179,743,454</b>	<b>169,686,253</b>
<b>TOTAL</b>	<b>\$ 987,612,776</b>	<b>\$ 985,268,638</b>

**BANK OF THE BAHAMAS LIMITED**

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three and nine months periods ended March 31, 2023  
with comparatives for the three and nine months periods ended March 31, 2022  
(Expressed in Bahamian Dollars)

	Three Months		Nine Months	
	2023	2022	2023	2022
Interest and similar income	\$ 11,414,409	\$ 10,320,833	\$ 32,650,130	\$ 30,798,423
Interest and similar expense	(1,136,373)	(1,185,080)	(3,090,935)	(4,155,390)
Net interest income	<u>10,278,036</u>	<u>9,135,753</u>	<u>29,559,195</u>	<u>26,643,033</u>
Fees and commission income	3,091,822	2,982,369	8,188,329	7,365,743
Fees and commission expense	(114,365)	(116,907)	(214,877)	(216,707)
Net fees and commission income	<u>2,977,457</u>	<u>2,865,462</u>	<u>7,973,452</u>	<u>7,149,036</u>
Other operating income	2,215,004	993,640	4,368,416	3,157,508
<b>Total operating income</b>	<u>15,470,497</u>	<u>12,994,855</u>	<u>41,901,063</u>	<u>36,949,577</u>
Operating expenses	(10,852,568)	(8,697,032)	(29,454,385)	(26,727,938)
Net Impairment reversal (losses)	394,944	1,067,124	(2,606,177)	(4,394,369)
<b>Net income</b>	<u>\$ 5,012,873</u>	<u>\$ 5,364,947</u>	<u>\$ 9,840,501</u>	<u>\$ 5,827,270</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to net income</i>				
Movement in fair value: equity investments at FVOCI	-	441,280	216,700	(189,908)
<b>Total comprehensive income/(loss) for the period</b>	<u>\$ 5,012,873</u>	<u>\$ 5,806,227</u>	<u>\$ 10,057,201</u>	<u>\$ 5,637,362</u>
<b>EARNINGS PER SHARE CALCULATION:</b>				
NET INCOME	\$ 5,012,873	\$ 5,364,947	\$ 9,840,501	\$ 5,827,270
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	<u>42,959,494</u>	<u>42,959,494</u>	<u>42,959,494</u>	<u>42,959,494</u>
<b>EARNINGS PER SHARE</b>	<u>\$ 0.12</u>	<u>\$ 0.12</u>	<u>\$ 0.23</u>	<u>\$ 0.14</u>

**BANK OF THE BAHAMAS LIMITED**

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the nine months period ended March 31, 2023  
with comparatives for the nine months period ended March 31, 2022  
(Expressed in Bahamian Dollars)

	Share Capital	Share Premium	Treasury Shares	Net Gain Investments at FVOCI	Special Retained Earnings	Accumulated Deficit	Total
<b>Balance at June 30, 2021</b>	\$ 42,610,505	\$ 81,950,384	\$ (1,318,224)	\$ 3,462,314	\$ 172,122,932	\$ (140,359,968)	\$ 158,467,943
<i>Total comprehensive income:</i>							
Net income for the period	-	-	-	-	-	5,827,270	5,827,270
Movement in fair value: equity investments at FVOCI	-	-	-	(189,908)	-	-	(189,908)
<b>Balance at March 31, 2022</b>	<b>\$ 42,610,505</b>	<b>\$ 81,950,384</b>	<b>\$ (1,318,224)</b>	<b>\$ 3,272,406</b>	<b>\$ 172,122,932</b>	<b>\$ (134,532,698)</b>	<b>\$ 164,105,305</b>
<b>Balance at June 30, 2022</b>	\$ 42,610,505	\$ 81,950,384	\$ (1,318,224)	\$ 2,880,297	\$ 172,122,932	\$ (128,559,641)	\$ 169,686,253
Transfer of FVOCI on equity investments	-	-	-	(3,096,997)	-	3,096,997	-
<i>Total comprehensive income:</i>							
Net income for the period	-	-	-	-	-	9,840,501	9,840,501
Movement in fair value: equity investments at FVOCI	-	-	-	216,700	-	-	216,700
<b>Balance at March 31, 2023</b>	<b>\$ 42,610,505</b>	<b>\$ 81,950,384</b>	<b>\$ (1,318,224)</b>	<b>\$ -</b>	<b>\$ 172,122,932</b>	<b>\$ (115,622,143)</b>	<b>\$ 179,743,454</b>

# BANK OF THE BAHAMAS LIMITED

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months period ended March 31, 2023  
with comparatives for the nine months period ended March 31, 2022  
(Expressed in Bahamian Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 9,840,501	\$ 5,827,270
Adjustments for:		
Interest income	(32,650,130)	(30,798,423)
Interest expense	3,090,935	4,155,390
Depreciation and amortization	2,950,753	2,422,096
Gain on sale of investment securities	(3,403)	-
Loss on disposal of fixed assets	158,164	67,557
Impairment losses, net	2,606,177	4,394,369
Interest received	33,989,864	30,267,304
Interest paid	(3,065,445)	(4,238,801)
	<u>16,917,416</u>	<u>12,096,762</u>
(Increase)/decrease in loans and advances to customers, net	(4,073,480)	12,084,988
Increase in deposits from customers and banks	9,647,557	6,226,832
Decrease/(increase) in other assets	422,824	(1,038,846)
(Decrease)/increase in other liabilities	(19,577,829)	4,976,148
Net cash provided by operating activities	<u>3,336,488</u>	<u>34,345,884</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(2,035,166)	(1,663,785)
Acquisition of computer software	(349,217)	(1,402,861)
Purchase of investment securities	(27,561,200)	(20,000,000)
Proceeds from maturity of investment securities	12,194,500	19,536,600
Proceeds from sale of investment securities	3,323,089	-
Net cash used in investing activities	<u>(14,427,994)</u>	<u>(3,530,046)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of lease liabilities	(1,524,211)	(1,187,767)
Net cash used in financing activities	<u>(1,524,211)</u>	<u>(1,187,767)</u>
Net (decrease)/increase in cash and cash equivalents	(12,615,717)	29,628,071
Cash and cash equivalents, beginning of period	306,782,737	209,245,659
<b>Cash and cash equivalents, end of period</b>	<u><u>\$ 294,167,020</u></u>	<u><u>\$ 238,873,730</u></u>



**BANK OF THE BAHAMAS LIMITED**  
**Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial Statements**

For the period ended March 31, 2023  
(Expressed in Bahamian Dollars)

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**1. Corporate Information**

Bank of The Bahamas Limited (the “Bank”) is incorporated under the laws of The Commonwealth of The Bahamas and is licensed by The Central Bank of the Bahamas to conduct banking business in The Bahamas under the provisions of the Banks and Trust Companies Regulations Act, 2020. The Bank was licensed as an authorized dealer pursuant to the Exchange Control Regulations Act and was the holder of a broker dealer license from the Securities Commission of the Bahamas until August 31, 2021 when the Bank surrendered its broker dealer license.

The Bank’s shares are publicly traded and listed on The Bahamas International Securities Exchange. As at March 31, 2023, The Government of The Commonwealth of The Bahamas (the “Government”) and The National Insurance Board (“NIB”) owned approximately 82.6% of the issued common shares. The remaining common shares are owned by approximately 3,000 Bahamian shareholders.

The Bank’s head office is located at Cloughton House, corner of Shirley Street and Charlotte Street, Nassau, Bahamas. The registered office is located at Sassoon House, corner of Shirley Street and Victoria Avenue, Nassau, Bahamas.

As at March 31, 2023, the Bank has twelve branches: four in New Providence, one in Grand Bahama, two in Andros, one in San Salvador, one in Inagua, one in Cat Island, one in Eleuthera and one in Bimini.

**2. Significant Accounting Policies**

The significant accounting policies and methods of computation followed in the preparation of these interim consolidated financial statements are the same as those followed in the preparation of the annual consolidated financial statements of the Bank for the year ended June 30, 2022. These consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank’s accounting policies.

**BANK OF THE BAHAMAS LIMITED**  
**Selected Explanatory Notes to the Unaudited Condensed Consolidated Financial**  
**Statements**

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**3. Dividends**

Dividends to the Bank's shareholders are recognized as a liability in the period in which they are declared by the Board of Directors and approved by the Bank's Regulator. The Bank did not declare or pay any dividends to its shareholders during the reporting periods.

**4. Cash and Cash Equivalents**

	March 31, 2023	June 30, 2022
Cash	\$ 15,737,341	\$ 13,916,719
Deposits with the Central Bank- non-interest bearing	133,680,810	165,309,148
Cash and account with the Central Bank	149,418,151	179,225,867
Cash equivalents - Treasury Bills	83,544,742	81,603,814
Due from banks	89,697,861	73,182,596
Cash, cash equivalents and due from banks	322,660,754	334,012,277
Less: Mandatory reserve deposits with the Central Bank	28,493,730	27,229,540
<b>Total cash and cash equivalents</b>	<b>\$ 294,167,024</b>	<b>\$ 306,782,737</b>

Government issued Treasury Bills are presented in the consolidated statement of financial position, net of \$38,169 (June 30, 2022:\$9,493) allowance for impairment losses. Money market placements of \$12.6 million, (June 30, 2022: \$7.4 million) are included in Due from banks. Due from banks are presented in the consolidated statement of financial position, net of \$5,736 (June 30, 2022: \$4,830) allowance for impairment losses.

As at March 31, 2023, the Bank's statutory reserve deposits with The Central Bank of The Bahamas were above Central Bank's regulatory requirement.

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**5. Loans and advances to customers, net**

	March 31, 2023	June 30, 2022
Mortgage residential loans	\$ 183,580,781	\$ 187,679,360
Mortgage commercial loans	11,919,226	12,642,103
Commercial loans	56,488,805	59,537,060
Consumer loans	121,460,157	121,111,797
Government	40,919,295	36,299,812
Credit cards	2,298,357	1,693,979
Business overdrafts	668,241	619,184
Personal overdrafts	176,465	141,687
	<u>\$ 417,511,327</u>	<u>\$ 419,724,982</u>
<b>Less: Provision for loan losses</b>		
Provision at beginning of year	\$ 52,846,015	\$ 64,030,099
Amount written-off/charged off	(6,287,135)	(12,467,409)
Credit loss expense, net	796,560	1,283,325
<b>Provision at end of period</b>	<u>47,355,440</u>	<u>52,846,015</u>
Accrued interest receivable, net	2,078,552	1,709,767
<b>Loans and advances to customers, net</b>	<u><u>\$ 372,234,439</u></u>	<u><u>\$ 368,588,734</u></u>
Provisions as a percentage of the net loan portfolio	12.72%	14.34%
Non-accrual loans as a percentage of the net loan portfolio	16.38%	19.49%



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**6. Note Receivable, net and Special Retained Earnings**

On August 31, 2017, Bahamas Resolve Limited (“Resolve”), a special purpose vehicle owned and controlled by the Government, purchased another portfolio of loans from the Bank at a price equivalent to the gross book value of those loans before provisions. This transaction consisted of three tranches and the results are as follows:

- Non-performing loans with a total net book value of approximately \$50.6 million was derecognized. Unsecured promissory note of \$167.7 million was received and \$117.1 million was recognized directly in equity as Special Retained Earnings.
- The Bank has transferred all of its rights and obligations relating to the non-performing loans to Resolve without recourse and will have no rights to future cash flows from the non-performing loans.
- The Bank received an irrevocable Letter of Support from the Government.
- The promissory note bears fixed interest at 3.5%, payable semi-annually on the 28th day of February and the 31st day of August.
- The original maturity of August 31, 2022 has been extended by 3 years to August 31, 2025 at 4% fixed interest rate with quarterly interest payments at the end of November, February, May and August. Accrued interest receivable as at March 31, 2023 amounted to \$0.6 million (June 30, 2022: \$2.5 million).
- Provision for impairment losses amounted to \$1.2 million as at March 31, 2023 (June 30, 2022: \$19,825).

On October 6, 2022, Moody’s downgraded the Bahamas long-term issuer and senior unsecured ratings from Ba3 to B1. Management assessed the impact of this credit downgrade on its sovereign exposures and the impact is included in the consolidated statement of comprehensive income.

**7. Investment securities, net and Net gain on investments at FVOCI**

On July 28, 2022, the Bank sold its investment in equity shares and net proceeds amounted to \$3.3 million.

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(Expressed in Bahamian Dollars)

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**8. Regulatory Capital**

Bahamas Capital Regulations, 2022 came into effect on July 15, 2022. The Bank's total regulatory capital consists of the sum of total Common Equity Tier 1 capital only, net of regulatory adjustments. CET1 plus capital buffers must be at least 18% and the minimum leverage ratio of 6% has been introduced. The Bank remains compliant with total regulatory capital at 45.5% as at March 31, 2023 (June 30, 2022: 38.9%) and leverage ratio of 16.6% as at March 31, 2023.

**9. Commitments and Contingencies**

*Commitments*

The commitment for loans and advances at March 31, 2023 was \$7.1 million (June 30, 2022: \$5.8 million).

The commitment for capital expenditures at March 31, 2023 was \$3.2 million (June 30, 2022: \$1.5 million).

The commitment for letters of credit and guarantees at March 31, 2023 was \$3.7 million (June 30, 2022: \$3.5 million)

*Contingencies and Provision*

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent in its operations. As a result, the Bank is involved in various litigation proceedings in the ordinary course of its business. The Bank has internal and external legal counsel, and formal controls and policies for managing legal claims. With the benefit of professional legal advice, the Bank provides and/or discloses amounts in accordance with its accounting policies.

As at the period end, the Bank had several ongoing legal claims. Various legal proceedings are pending that challenge certain actions of the Bank. Management considers that adequate provision has been made in these financial statements for any loss that might ultimately be determined.

**10. Comparatives**

Interest expense on lease liabilities was reclassified from operating expenses to interest and similar expense.